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Dec. 1, 2001

BEFORE THE BOARD OF MILK CONTROL
OF THE STATE OF MONTANA
ANNOUNCEMENT OF CLASS I, II & III PRODUCER PRICES

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PRODUCER CLASS I PRICE IN MONTANA

REF: ARM 32.24.301(5)

CLASS I PRICE FOR MILK TESTING 3.5%
CLASS I BUTTERFAT PRICE PER POUND

\$14.53 /CWT
\$1.48 /LB

EFFECTIVE JANUARY 1, 2002:

The minimum price to pay milk producers, under ARM 32.24.301, is \$14.53 per hundred pounds of milk testing 3.5% butterfat, f.o.b. the milk distributor's plant.

When milk does not test 3.5% butterfat, compute the applicable price by applying a differential of 14.8 cents for each one-tenth of one percent butterfat above or below the midpoint of each producer payment. The value of one pound of butterfat utilized will be \$1.48.

PRODUCER CLASS II PRICE IN MONTANA

REF: ARM 32.24.301(6)

CLASS II PRICE FOR MILK TESTING 3.5%

\$11.99 /CWT

Average spray process dry milk solids

price per pound = \$0.97500
Multiplied by 8.2 x 8.2

\$7.99500

\$7.99500

Last quote of the month for Grade AA butter

minus a differential of \$.0895 = \$1.21550
Multiplied by 4.2 x 4.2

\$5.10510

+ \$5.10510

LESS a make allowance of 8.5% (\$13.1001 X .085)

\$13.10010

- \$1.11351

\$11.98659

Rounded to the nearest whole cent = \$11.99 /hundredweight.

CLASS II BUTTERFAT PRICE PER POUND**\$1.35 /LB**

Last quote of the month for Grade AA butter

minus a differential of \$.0895 = \$1.21550 X .111) = \$0.13492

Rounded to the nearest half cent = \$0.135

Butterfat value per pound

for milk at 3.5% test: \$1.35

Hundredweight price of milk testing 3.5%

LESS 3.5 pounds of butterfat at \$1.35 per pound = \$11.99

Value of 96.5 pounds of skim = \$4.725

= \$7.265

CLASS II VALUE OF

ONE POUND OF SKIM

7.265 / 96.5 pounds) = \$0.07528 /LB

PRODUCER CLASS III PRICE IN MONTANA

REF: ARM 32.24.301(7)

CLASS III PRICE PER CWT FOR MILK TESTING 3.5%**\$10.22 /CWT**

3.5 pounds of butterfat \$1.09 per pound = \$3.815

96.5 pounds of skim \$0.06636 per pound = \$6.404

\$10.219 /CWT

CLASS III BUTTERFAT PRICE PER POUND**\$1.09 /LB**

Last quote of the month for Grade AA butter

minus a difference of \$.0895 = \$1.21550

LESS 10% - \$0.12155

\$1.09395

Rounded to the nearest whole cent = \$1.09 per pound.

CLASS III PRICE PER CWT FOR SKIM MILK UTILIZED**\$6.63585 /CWT**

Avg. spray process dry milk solid price/lb : \$0.97500

Multiplied by 8.2 8.2

\$7.99500

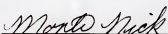
LESS 17% \$1.35915

\$6.63585

Rounded to the nearest whole cent \$6.64 per hundredweight.

BY ORDER OF THE MONTANA MILK CONTROL BUREAU

Compiled by:


 Monte Nick, Bureau Chief
 Montana Milk Control Bureau

BREAKDOWN BY TEST FOR CLASS I, II & III SKIM PRICES

CLASS I SKIM PRICE BASED ON \$14.53 FOR 3.5% MILK 96.5 LBS = \$9.350		CLASS II SKIM PRICE BASED ON \$11.99 FOR 3.5% MILK 96.5 LBS = \$7.265		CLASS III SKIM PRICE BASED ON \$10.22 FOR 3.5% MILK 96.5 LBS = \$6.404	
TEST	PRICE/LB	TEST	PRICE/LB	TEST	PRICE/LB
2.50	\$0.09590	2.50	\$0.07451	2.50	\$0.06568
2.55	\$0.09595	2.55	\$0.07455	2.55	\$0.06571
2.60	\$0.09600	2.60	\$0.07459	2.60	\$0.06575
2.65	\$0.09605	2.65	\$0.07463	2.65	\$0.06578
2.70	\$0.09609	2.70	\$0.07467	2.70	\$0.06581
2.75	\$0.09614	2.75	\$0.07470	2.75	\$0.06585
2.80	\$0.09619	2.80	\$0.07474	2.80	\$0.06588
2.85	\$0.09624	2.85	\$0.07478	2.85	\$0.06591
2.90	\$0.09629	2.90	\$0.07482	2.90	\$0.06595
2.95	\$0.09634	2.95	\$0.07486	2.95	\$0.06598
3.00	\$0.09639	3.00	\$0.07490	3.00	\$0.06602
3.05	\$0.09644	3.05	\$0.07494	3.05	\$0.06605
3.10	\$0.09649	3.10	\$0.07497	3.10	\$0.06608
3.15	\$0.09654	3.15	\$0.07501	3.15	\$0.06612
3.20	\$0.09659	3.20	\$0.07505	3.20	\$0.06615
3.25	\$0.09664	3.25	\$0.07509	3.25	\$0.06619
3.30	\$0.09669	3.30	\$0.07513	3.30	\$0.06622
3.35	\$0.09674	3.35	\$0.07517	3.35	\$0.06626
3.40	\$0.09679	3.40	\$0.07521	3.40	\$0.06629
3.45	\$0.09684	3.45	\$0.07525	3.45	\$0.06632
3.50	\$0.09689	3.50	\$0.07528	3.50	\$0.06636
3.55	\$0.09694	3.55	\$0.07532	3.55	\$0.06639
3.60	\$0.09699	3.60	\$0.07536	3.60	\$0.06643
3.65	\$0.09704	3.65	\$0.07540	3.65	\$0.06646
3.70	\$0.09709	3.70	\$0.07544	3.70	\$0.06650
3.75	\$0.09714	3.75	\$0.07548	3.75	\$0.06653
3.80	\$0.09719	3.80	\$0.07552	3.80	\$0.06657
3.85	\$0.09724	3.85	\$0.07556	3.85	\$0.06660
3.90	\$0.09729	3.90	\$0.07560	3.90	\$0.06663
3.95	\$0.09735	3.95	\$0.07564	3.95	\$0.06667
4.00	\$0.09740	4.00	\$0.07568	4.00	\$0.06670
4.05	\$0.09745	4.05	\$0.07572	4.05	\$0.06674
4.10	\$0.09750	4.10	\$0.07576	4.10	\$0.06677
4.15	\$0.09755	4.15	\$0.07580	4.15	\$0.06681
4.20	\$0.09760	4.20	\$0.07584	4.20	\$0.06684
4.25	\$0.09765	4.25	\$0.07587	4.25	\$0.06688
4.30	\$0.09770	4.30	\$0.07591	4.30	\$0.06691
4.35	\$0.09775	4.35	\$0.07595	4.35	\$0.06695
4.40	\$0.09780	4.40	\$0.07599	4.40	\$0.06698
4.45	\$0.09785	4.45	\$0.07603	4.45	\$0.06702
4.50	\$0.09791	4.50	\$0.07607	4.50	\$0.06705

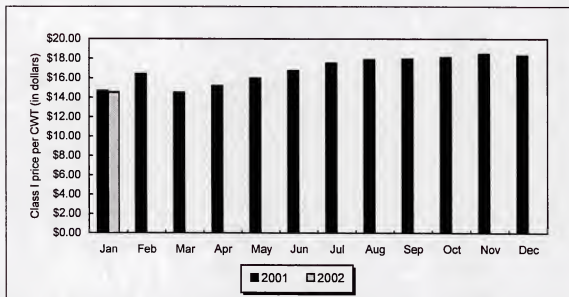
PRODUCER CLASS I PRICE IN MONTANA

Charts below show a class I price comparison for 2001 and 2002

Statistics from the Montana Milk Control Bureau

Month	2001	2002	Difference	% Change
January	\$14.68	\$14.53	(\$0.15)	-1.02%
February	\$16.43			
March	\$14.49			
April	\$15.20			
May	\$15.99			
June	\$16.76			
July	\$17.54			
August	\$17.89			
September	\$17.95			
October	\$18.11			
November	\$18.48			
December	<u>\$18.31</u>			
Average	\$16.82	\$14.53	(\$0.15)	-1.02%

Prices are per hundredweight (CWT).

**Completion of pooling (prior to audit) shows the producer quota blend prices to be:**

OCTOBER 2001: class I = \$11.10; class II = \$1.79; Class III = \$4.09; total = \$16.98

(calculations based upon utilization percentages of butterfat & skim)